

**Resources Committee
Ohio Board of Regents
Minutes of the Meeting of September 20, 2001**

The meeting of the Resources Committee of the Ohio Board of Regents was held at John Carroll University in University Heights, Ohio. In attendance were the following:

Ohio Board of Regents members:

Ralph Schey, Committee Chair
Jeanette Grasselli Brown
J. Gilbert Reese

Ohio Board of Regents staff:

Harry Andrist, Director of Research and Graduate Programs
David Barber, Consultant, Academic & Access Programs
Roderick Chu, Chancellor
Kristina Frost, Vice Chancellor for Operations
Kyle Gephart, Interim Assistant Director of Capital Planning
Richard L. Petrick, Vice Chancellor for Finance
William Wagner, Financial Analyst

Guests:

Deborah J. Bickford, University of Dayton
Bob Burke, Association of Independent Colleges & Universities of Ohio
Linda Carr, The University of Toledo
William Deas, Porter Wright Morris & Arthur, LLP
John E. Hart, University of Dayton
Robert Hickey, Wright State University
Chuck Mann, Owens State Community College
Elizabeth Ross, Executive Assistant to the Governor for Education
Melissa Shearon, Association of Independent Colleges & Universities of Ohio

The meeting was called to order by Regent Schey and introductions were conducted. The minutes of the July 2001 Committee meeting were approved without objection.

Reports and updates

Vice Chancellor Petrick updated the Committee on the Fall 2001 Survey of Student Charges, noting that a 7.1% spike in average tuition from FY 2001 to FY 2002 reflects decreased state support for higher education in the current biennium. Vice Chancellor Petrick also noted that the unweighted average increases (that is, the average of state support plus tuition) have been in line with inflation. Regent Shey asked how college costs compare to the Consumer Price Index. Vice Chancellor Petrick replied that the Higher Education Price Index over the past several years has been fairly close to the CPI. Regent Brown inquired about bulk buying as a way to minimize costs. Vice Chancellor Petrick replied that IUC purchasing agreements have been utilized by many institutions of higher education with annual purchases totaling approximately \$100 million. However, Chancellor Chu added that a number of institutions might not be taking advantage of the IUC purchasing agreements. Finally, Vice Chancellor Petrick commented that the use of adjunct professors is becoming more widespread as a way to manage personnel costs.

Vice Chancellor Petrick provided a brief update on the Auditor of State's report on Ohio Board of Regents' operations. The audit, which examined such items as the security and accuracy of formulas as well as operating efficiencies, found no issues of noncompliance or internal weakness.

Vice Chancellor Petrick next updated the committee on DeRolph III. In a 4-3 decision, the Ohio Supreme Court ruled that while the State's method of funding K-12 is constitutional, the State must accelerate parity aid and revise the formula for calculating the base cost of an adequate education. In addition, the Court ruled that the revised formula must be applied retroactively. The Legislative Budget Office concluded that the cost of such changes would be about \$1.2 billion – an amount that far exceeds the amount determined by the Supreme Court. As a result, Governor Taft has filed a motion for reconsideration of the Court's ruling.

Finally, Vice Chancellor Petrick provided an update on the Capital Budget. The capital formula allocates capital dollars to institutions based on important measures such as enrollment and age of campus facilities. Additional consideration is given to campuses with severe space shortages. As a result of increased enrollment at Ohio's 2-year campuses due to Access Challenge, the allocation of capital dollars has shifted slightly, with an increasing share going to Ohio's public 2-year campuses. In the upcoming capital cycle, approximately 24% of capital dollars will go to Ohio's 2-year campuses as compared to 20% in the FY 1999-2000 cycle. Board staff are currently in the process of receiving capital requests from campuses. Several extensions were given in light of the tragic events of September 11th.

Items for Review

William Deas, John Hart and Deborah Bickford presented the University of Dayton's application for approval to appropriate three properties through eminent domain. The University is planning to construct a Learning, Living Arts Center as part of the University's long-range plan for the transformation of the South Student Neighborhood. Two of the properties are located under the footprint of the proposed Learning, Living Arts Center. The third property would become part of the parking and green area to the east of the Center. The properties are currently being used for student rental housing. The University has been unable to come to an agreement on price with the owners of the properties. Robert Hickey reported on a proposed Joint Use Agreement between Wright State University and the United States Air Force Museum for \$500,000. The United States Air Force Museum is the oldest and largest military aviation museum in the world and offers free admission to the public. The museum is adding a third building with an overall price tag of \$16 million. Construction is expected to be completed by 2003. The museum offers many opportunities for research and is especially important given Ohio's deficiencies in math and science. The Controlling Board items were also noted.

Items for Action

Vice Chancellor Petrick briefly noted the items on the consent agenda, including the Joint Use Agreement between the University of Toledo and the Toledo Museum of Art for \$1,000,000. The Controlling Board items for September were also noted. Regent

Schey asked for a motion to place the items on the consent agenda. The motion was moved and seconded, and agreed to unanimously.

The meeting was adjourned by Regent Schey.